




**Doug Sutherland**  
Commissioner of Public Lands

January 20, 2006

The Honorable Pete Kremen, County Executive  
Whatcom County  
311 Grand Ave Ste 108  
Bellingham, WA 98225

Subject: Projection of Income from State Forestlands

Dear Executive Kremen 

State forestlands in Whatcom County generated \$6.1 million actual revenue during calendar year 2005. The net value under contract projected for harvest in calendar year 2006 is \$2.7 million. This represents an increase of \$1.5 million from the 2006 projection in the October 2005 report.

The figures in this report are based on a survey of purchasers with timber sales under contract as of December 31, 2005. Sales sold throughout the remainder of calendar year 2006 could provide additional revenues to your county. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales under contract, and the schedule of future sales activity on state forestlands.

Total revenue from all state forestlands distributed during calendar year 2005 was \$78.5 million. Net value under contract projected for harvest in calendar year 2006 is \$42.7 million and the total net value under contract projected for harvest after December 2006 is estimated at \$1.2 million.

Timber removals projected for 2006 indicate revenues from state forestlands will remain near the levels reached in 2005. Harvest activity continues to be volatile as purchasers balance their timber supply options and mill inventory needs with changes in end-product markets.

The primary drivers for individual purchaser's timber harvest plans remain market conditions, both domestic and foreign, with timber supply concerns, contract requirements, and regulatory requirements influencing individual sale harvest decisions.

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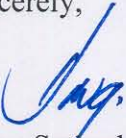
The Honorable Pete Kremen

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The next projection of state forestland revenues will be available in April 2006. Bill Wallace, Northwest Region Manager, can advise you of department management programs in your county, as well as other activities impacting revenues. Bill can be reached at 360.856.3500.

Sincerely,



Doug Sutherland  
Commissioner of Public Lands

Enclosures

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## **County Income Report January 2006**

Income from management activities on state forestlands is designated for allocation to several taxing districts in each county, depending upon the location of the activity in that county. Only a very small amount is available for discretionary use by the county.

Revenue from state forestlands come primarily from harvested timber. Lease activities and rights-of-way applications provide additional sources of revenue. Another source of revenue to the counties is leasehold tax returns, which will vary with the amount of lease activity in any given year.

**Table 1** shows the annual revenue for each county from calendar year 1996 through calendar year 2005. As is evident in Table 1, total revenue varies considerably from year to year. Many of the key variables responsible for high revenues in one year can also lead to reduced income the following year.

Revenue projections for each of the 19 counties with state forestlands were made for the calendar year 2006. **Table 2** includes the summary of all timber harvest projections listed in Table 2A, and is combined with an estimate of additional revenue from leases, rights-of-way applications, and other activity on state forestlands. **Table 2A** presents projected revenue for each timber sale on state forestlands.

**Table 3** presents the volume and net value under contract as of December 31, 2005 that is not currently scheduled for harvest until after December 2006.

These projections were developed by Department of Natural Resources' region staff who contacted each timber sale purchaser with sale rights, to determine approximately how much and when they planned to harvest the timber in each sale.

Projections for each sales anticipated harvest should be considered a rough estimate only, as actual removal activity depends on individual sale characteristics (species, volume, location, etc.), combined with outside market factors as determined by each purchaser.

The schedule of future state forestland timber sales in your county is available upon request from Department of Natural Resources' region staff.

**Table 1. Revenue to Counties from State Forest Transfer and Purchase Lands (Calendar Years)**

Updated: 1/10/06

County	1996	1997	1998	1999	2000	2001	2002	2003	2004	Jan - Dec 2005
Clallam	\$21,453,508	\$10,271,598	\$12,686,274	\$8,067,336	\$5,758,321	\$6,963,919	\$3,600,540	\$4,777,301	\$4,426,097	<b>\$5,495,006</b>
Clark	2,847,886	5,021,940	6,007,736	5,201,304	2,366,311	3,573,835	2,313,003	3,820,106	4,092,569	<b>4,411,237</b>
Cowlitz	4,079,212	3,357,206	3,017,014	3,348,777	1,212,652	1,839,302	5,001,470	2,934,808	215,329	<b>5,345,911</b>
Grays Harbor	2,780,804	4,943,351	1,784,346	2,028,606	2,352,472	1,862,881	3,293,823	2,107,685	1,776,300	<b>2,667,556</b>
Jefferson	3,272,441	556,130	1,957,760	1,663,170	1,649,297	518,203	1,778,453	889,650	1,631,808	<b>3,200,661</b>
King	1,096,697	2,993,582	2,160,183	3,223,396	1,143,568	1,835,851	1,976,627	2,889,619	4,388,319	<b>995,578</b>
Kitsap	725,435	3,004,528	406,398	753,902	599,418	729,223	31,508	626,030	1,109,673	<b>759,721</b>
Klickitat	1,282,502	15,947	15,094	907,813	1,306,269	1,988,025	263,951	1,207,848	112,777	<b>1,256,702</b>
Lewis	12,892,185	12,302,198	14,631,380	12,730,883	10,052,997	3,945,857	1,534,075	5,493,493	4,356,765	<b>2,606,113</b>
Mason	1,268,182	2,081,988	2,357,532	1,837,711	2,799,623	1,321,104	2,382,746	2,379,357	5,336,229	<b>4,774,081</b>
Pacific	592,612	3,194,157	2,296,047	6,323,846	2,771,851	4,007,787	969,916	1,875,588	2,051,170	<b>2,939,705</b>
Pierce	8,463	1,871,447	607,701	1,943,460	529,510	1,469,706	2,237,462	3,571,913	5,620,352	<b>1,778,066</b>
Skagit	8,888,129	11,372,252	9,187,203	11,422,067	9,194,478	5,509,637	13,209,159	8,973,769	9,620,659	<b>12,532,120</b>
Skamania	2,162,216	788,119	2,385,689	3,933,138	755,801	768,791	55,235	68,576	533,038	<b>308,142</b>
Snohomish	13,347,951	16,030,098	3,427,872	13,750,038	14,528,018	8,543,151	6,452,352	10,398,846	13,664,903	<b>12,756,744</b>
Stevens	33,941	31,821	36,075	43,894	30,236	43,769	33,815	39,619	36,945	<b>40,922</b>
Thurston	6,202,584	11,252,520	8,127,942	7,573,165	6,156,550	8,080,735	3,770,580	4,523,536	6,270,700	<b>7,777,205</b>
Wahkiakum	2,137,474	5,461,307	1,164,313	2,503,796	1,481,581	2,244,642	2,414,098	2,011,817	1,015,082	<b>2,730,555</b>
Whatcom	9,003,843	8,671,921	5,078,947	6,824,410	4,059,821	5,759,368	5,525,028	6,993,439	7,467,518	<b>6,075,055</b>
<b>Totals</b>	<b>\$94,076,064</b>	<b>\$103,222,110</b>	<b>\$77,335,506</b>	<b>\$94,080,712</b>	<b>\$68,748,774</b>	<b>\$61,005,786</b>	<b>\$56,843,841</b>	<b>\$65,583,000</b>	<b>\$73,726,233</b>	<b>\$78,451,080</b>

Note: Revenue is received daily by the Department of Natural Resources for activities on State Forestlands and deposited daily at the Office of State Treasurer. Effective February 1998 these monies are remitted to each county via wire transfer a minimum of four times per month. Due to the specific date monies are received by the Department and the cutoff dates used by the State Treasurer for wire transfers, the revenue for the current period may be different than actual remittances to date.

**Table 2. Total Projected Revenues to Counties from State Forest Board  
Transfers and Purchase Lands <sup>1/</sup>**  
(Dollars in Thousands)

<b>County</b>	<b>January thru June 2006</b>		<b>July thru December 2006</b>	
	<b>High</b>	<b>Medium</b>	<b>High</b>	<b>Medium</b>
Clallam	\$1,511.4	\$3,100.1	\$138.2	\$635.1
Clark	2,499.2	2,499.2	70.0	70.0
Cowlitz	1,443.9	1,443.9	73.5	73.5
Grays Harbor	601.5	601.5	1.7	1.7
Jefferson	20.9	20.9	4.5	4.5
King	19.0	19.0	22.2	179.4
Kitsap	14.0	14.0	4.6	4.6
Klickitat	840.0	840.0	602.8	602.8
Lewis	2,852.4	8,510.4	9.9	210.6
Mason	495.6	495.6	10.3	10.3
Pacific	1,453.5	1,500.0	547.2	571.5
Pierce	0.0	195.3	3.4	375.2
Skagit	4,352.8	4,352.8	2,405.7	2,405.7
Skamania	180.4	180.4	979.4	979.4
Snohomish	5,427.5	5,427.5	289.5	312.4
Stevens	6.1	6.1	22.4	22.4
Thurston	3,664.0	3,832.2	190.1	190.1
Wahkiakum	271.6	271.6	12.7	12.7
Whatcom	1,291.0	1,291.0	1,433.7	1,433.7
<b>Totals</b>	<b>\$26,944.9</b>	<b>\$34,601.5</b>	<b>\$6,821.8</b>	<b>\$8,095.6</b>

<sup>1/</sup> High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.  
Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.

**Note:** Projected revenues are based on timber purchaser's logging plans as of [December 2005](#). These plans change with changes in the economy and the business needs of each purchaser. Department of Natural Resources' region staff should be contacted concerning possible fluctuations in timber harvest for sales currently under contract and the schedule of future sales on State Forest Board Lands in your county.



**Table 2A. Projected Timber Harvest Revenues to Whatcom County from State Forest Board Transfer and Purchase Lands by Legal Description**  
(Thousands of Dollars) <sup>1/</sup>

Sale App. Number	Sale Name	Expiration Date	Legal Description			January thru June 2006		July thru December 2006		Value Under Contract after Dec-06
			Section	Township	Range	High	Medium	High	Medium	
75009	Resurrection SWT	09/30/06	4 10,15,22,28,33	37N 38N	5E 5E	55.3	55.3	0.0	0.0	0.0
76831	Flapjack	09/30/06	11, 12	39N	5E	252.5	252.5	0.0	0.0	0.0
77063	Space Wrangler	09/30/07	10, 15, 16	38N	5E	359.4	359.4	721.7	721.7	0.0
77128	Silver Star	09/30/06	30 24, 25	38N 38N	6E 5E	590.2	590.2	75.5	75.5	0.0
77224	Rabbit Hutch	09/30/06	2, 3	37N	5E	0.0	0.0	618.0	618.0	0.0
<b>Total</b>						<b>\$1,257.5</b>	<b>\$1,257.5</b>	<b>\$1,415.2</b>	<b>\$1,415.2</b>	<b>\$0.0</b>

<sup>1/</sup> **High - 90 percent reliability that timber harvest will occur and stated revenue will be transmitted.**  
**Medium - 50 percent reliability that timber harvest will occur and stated revenue will be transmitted.**  
**Values are cumulative from high to medium probability.**

**Note:** Projected revenues are based on timber purchaser's logging plans as of [December 2005](#). These plans change with changes in the economy and business needs of each purchaser. Department of Natural Resources regional staff should be contacted concerning possible changes in timber harvest plans and for copies of sale area maps for specific locations of timber sales within the legal descriptions listed above.

**Table 3. Volume and Net Value of Timber under Contract on State Forest Transfer and Purchase Lands for Harvest after Calendar Year 2006 <sup>1/</sup>**

<b>County</b>	<b>Volume (mbf)</b>	<b>Net Value</b>
Clallam	0	\$0
Clark	0	0
Cowlitz	371	101,019
Grays Harbor	0	0
Jefferson	0	0
King	0	0
Kitsap	0	0
Klickitat	0	0
Lewis	3,050	939,278
Mason	0	0
Pacific	165	18,160
Pierce	0	0
Skagit	725	133,208
Skamania	0	0
Snohomish	0	0
Thurston	0	0
Wahkiakum	0	0
Whatcom	0	0
Totals	4,311	\$1,191,664

<sup>1/</sup> Normally, counties receive 78 percent of State Forestland Transfer revenues and 26.5 percent of State Forestland Purchase revenues.

**Note:** The sales represented here are currently under contract as of **December 2005**. This timber could be harvested at any time depending on market conditions and business needs as determined by each purchaser. Sales to be sold in the future could provide additional revenue to your county. Department of Natural Resources' region staff should be contacted concerning future sale activity and dates.